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THE DIRECTOR OF
CENTRAL INTELLIGENCE

National Intelligence Council

28 February 1983

NOTE FOR: See Distribution

FROM: Stanley M. Moskowitz
NIO/USSR-EE

SUBJECT: Warning Assessment: USSR-EE

1. Attached is the assessment prepared following the monthly Community warning meeting held on 22 February 1983. Comments would be most welcome.

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2. The next warning meeting will be held on Tuesday, 22 March, at 1400 hours in Room 7E62, CIA Headquarters. I solicit suggestions regarding any topics or contingencies you feel we may be overlooking, and request that such recommendations be forwarded to me by COB Friday, 11 March.

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~~FOR~~ Stanley M. Moskowitz

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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

National Intelligence Council

28 February 1983

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MEMORANDUM FOR: Director of Central Intelligence

FROM : Stanley M. Moskowitz
National Intelligence Officer for USSR-EE

SUBJECT : Monthly Warning Assessment: USSR-EE

1. Romania.A. Discussion:

The economic situation in Romania is still poor, and Ceaucescu's position -- as has been reported for over a year -- is not strong. Indeed there is new evidence that it is getting weaker:

- miners in the Jiu valley are becoming more restive; there is once again talk of strikes and organizing free trade unions;
- rumors are rampant that there was an assassination attempt on Ceaucescu. They don't appear to be true, but the willingness of Romanians to believe them is evidence of his poor standing in the country;
- the security services have a report of an anti-Ceaucescu statement circulating in the military;
- Ceaucescu's behavior seems to be increasingly erratic and obdurate.

There is no evidence of rioting or other manifestation of spontaneous social disorder, nor of any anti-Ceaucescu coalescing among the leadership; of course, we would not necessarily expect to see evidence of the latter if it were occurring. Nonetheless, analysts are agreed that Ceaucescu's power base is increasingly dependent on these security services and hence is, in the final analysis, narrow and weak.

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We have little hard information on what the Soviets are making of Ceaucescu's situation. For his part, Ceaucescu is maintaining his semi-independent position vis-a-vis Moscow but is now alienating the West as well. There are signs that this latter policy has aroused controversy within the leadership; in addition, any resulting estrangement of Romania will be resented by intellectual elites and further undermine Ceaucescu's stature.

In sum, we cannot confidently predict Ceaucescu's fall from power but we can say that he is in greater political trouble than ever before. Should he be overthrown, the inclination of most Romanian leaders will be to follow his nationalist course vis a vis Moscow but to what extent will depend on the new political alignment and on Moscow's skill in reinserting itself into Romanian domestic politics.

2. Hungary.

A... Discussion:

Last year Hungary had to work hard to overcome a liquidity crisis. It is determined to avoid the same problem this year and will probably succeed. However, it is approaching a decision point in domestic economic policy. The issue is how to proceed with economic reform and the logical course would be to let profitability become the dominant economic criterion. But, in the short run, this would mean that many enterprises would have to close or lay off unneeded workers, without immediate rewards to the economy. This would give the lie to the proposition that reform automatically means a better standard of living and would tend to undermine the philosophical underpinnings of Marxism.

Some other developments make Kadar's position even more difficult:

- Although dissent has not increased much in quantitative terms, it has become more diversified;
- There appears to be a resurgence of nationalism, which is fueled by Ceaucescu's treatment of the Hungarians in Transylvania;
- There is a fledgling peace movement;
- The Hungarian "model" is being looked on as a panacea by communist reformers in other countries and as a dangerous experiment by conservatives; consequently its continued success (or failure) has implications beyond the borders of Hungary;

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So far the regime has advertised its orthodoxy to Moscow by a selective crackdown on some dissidents and its flexibility to the West by choosing to emphasize Andropov's more conciliatory statements toward the West. These moves are probably intended both to buy time and to widen its maneuvering room. It is also possible that Kadar might make some personnel changes to ensure that his leadership team remains acceptable to the new Soviet leadership (e.g. free of any blatant corruption, leading a fairly austere lifestyle.) But Kadar has not yet indicated what he intends to do about the tough economic questions.

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4. Sino-Soviet Relations,

A... Discussion: In contrast to their relative garrulity prior to the opening of the Sino-Soviet talks last fall, the Soviets and Chinese are saying little about the new round of talks which starts the week of 28 February. Both sides are predicting only that trade and cultural exchanges will go up. The most interesting aspects of pre-negotiation maneuvering have been the Soviet statement on the importance of settling the border issue, the declaration that it will be difficult to draw down Soviet forces in the Far East in light of U.S. and Japanese military activities, and the dispatch to Beijing of Alexander Bovin, journalist and reputed confidant of Andropov. Some analysts wonder whether Bovin has delivered a message that the Soviets would only draw down their forces as part of a package deal which included a definitive Chinese abandonment of claims against Soviet territory. Even if the Soviets were ready to make such a drawdown, however, it is doubtful that the Chinese would give up their border claims for anything as reversible as troop deployments.

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Stanley M. Moskowitz

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